




MINERALS PROGRAM INSPECTION REPORT

PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: Leadville Mill	MINE/PROSPECTING ID#: M-1990-057	MINERAL: Gold	COUNTY: Lake
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas West	INSP. DATE: June 22, 2022	INSP. TIME: 11:07
OPERATOR: Union Milling Company, LLC	OPERATOR REPRESENTATIVE: Steve Craig	TYPE OF OPERATION: 110d - Designated Limited Impact	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$64,430.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 11, 2022	

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This inspection was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety's Active Mines Program and also at the request of the Operator to discuss future permitting actions. The Leadville Mill is listed as an Active 110d operation that consists of a custom mill for the beneficiation of gold ore, located in Lake County. The site lies on the west side of Leadville, CO at 10,560 feet in elevation. Public access to the site is controlled by a locked gate on the access road, just off Highway 24. The Division currently holds \$64,430.00 in Financial Warranty for the site. A reclamation cost estimate update was not performed as a result of this inspection because a revision application is imminent, and the update will be performed as a result of that process. In addition to the Operator representative listed on Page One of this report, Gary Knippa, Gary Slifka and George Robinson of Union Milling were present during the inspection. The site was not active the day of the inspection, and the proper mine identification signs were observed on the entrance gate. Six Photos accompany this report to illustrate the current site conditions.

The main focus of this inspection was to discuss upcoming permitting actions to possibly add acreage to the site for use in the construction of a Filtered Tailings Storage Facility, as well as updating the permit to include the use of Cyanide Tank Leaching and the use of the Merrill Crowe System for the recovery of gold. At the conclusion of the discussion several options were presented for future permitting, either the Operator will submit an Amendment Application to update the permit with no increased acreage, or a Conversion Application to convert the Permit to a 112d including additional acreage. Currently the site is dormant, and has not been in operation in some time. Surface facilities consist of the main mill building, various covered surface ore stockpile locations, lined emergency spill pond and various support areas.

The main mill facility, seen in Photo One, is in good condition and showed no evidence of damage. The building houses a coarse ore bin, grinding circuit and remains of a flotation circuit. Most of the equipment components inside the mill facility are not installed or connected, but stored for the future reconfiguration. Examples of the equipment can be seen in Photos Two and Three. The inspection followed the flow path that material will take through the facility. All components within the facility are in good condition and appear ready for use. No reagents or designated chemicals are stored on site, and all tanks were verified to be empty. As the inspection proceeded, discussion centered around the need for establishing secondary containment within the mill. Either the use floor coatings or concrete lined ditches reporting to the lined emergency pond adjacent to the facility or some combinations thereof was discussed.

Adjacent to the mill is the large lined emergency containment pond seen in Photos Four and Five. This pond was slated at one point to be a Tailings Storage Facility. The pond is lined with an HDPE liner, and weighted down with ballasts periodically around the pond. The liner appears to be in good condition and no evidence of tears or holes was noted. The pond is considered to be an Environmental Protection Facility (EPF), and the Operator will need to supply the Division with a Certified As Built Package, prepared by a licensed engineer, that details the construction, any Quality Assurance and Quality Control tests that were performed as well as maps and drawings of the pond in order to certify this EPF. This package should be provided to the Division within 60 days of the date of this report, no later than Tuesday October 11, 2022.

At various locations throughout the site, ore has been stockpiled and covered to prevent Acid Rock Drainage (ARD). All observed piles appeared stable at the time of the inspection, were well covered and no evidence of ARD was noted. An example of one such stockpile can be seen in Photo Six.

The overall footprint of the site is in excellent condition. The site exhibits positive drainage and no impounded storm water was noted. No evidence of settling, slumping or erosion was noted, and no State Listed Noxious Weeds were observed on site. No problems or possible violations were noted during the inspection. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety's Active Mines Program, Room 215, 1001 E. 62nd Ave. Denver, CO 80216. Direct contact can be made at the Division's Grand Junction Field Office, by phone at 303-866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

Inspection Contact Address

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Littleton, CO 80127

PHOTOGRAPHS



Photo One: View northwest showing the exterior of the mill facility. The mill building is in good condition and able to be secured. No evidence of damage or vandalism was observed.



Photo Two: View southeast, showing the interior of the mill building with various pieces of milling equipment staged for installation.

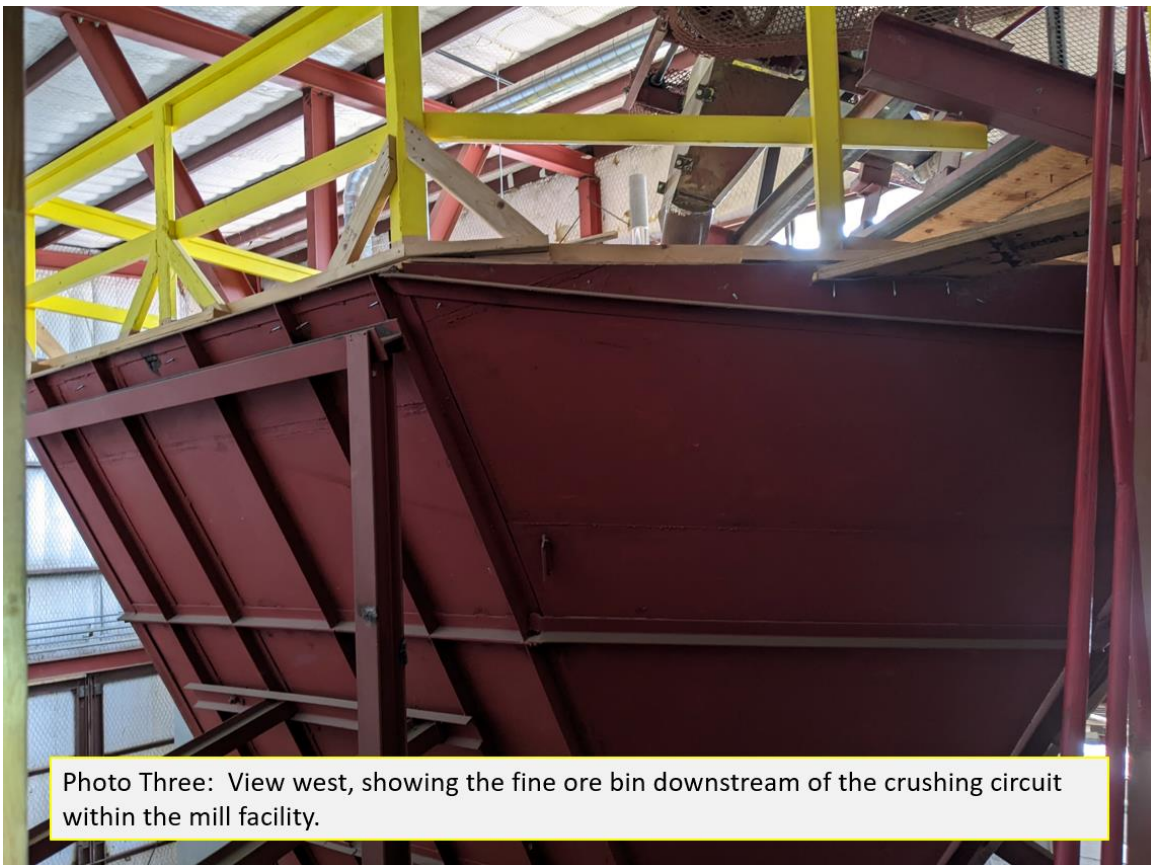


Photo Three: View west, showing the fine ore bin downstream of the crushing circuit within the mill facility.

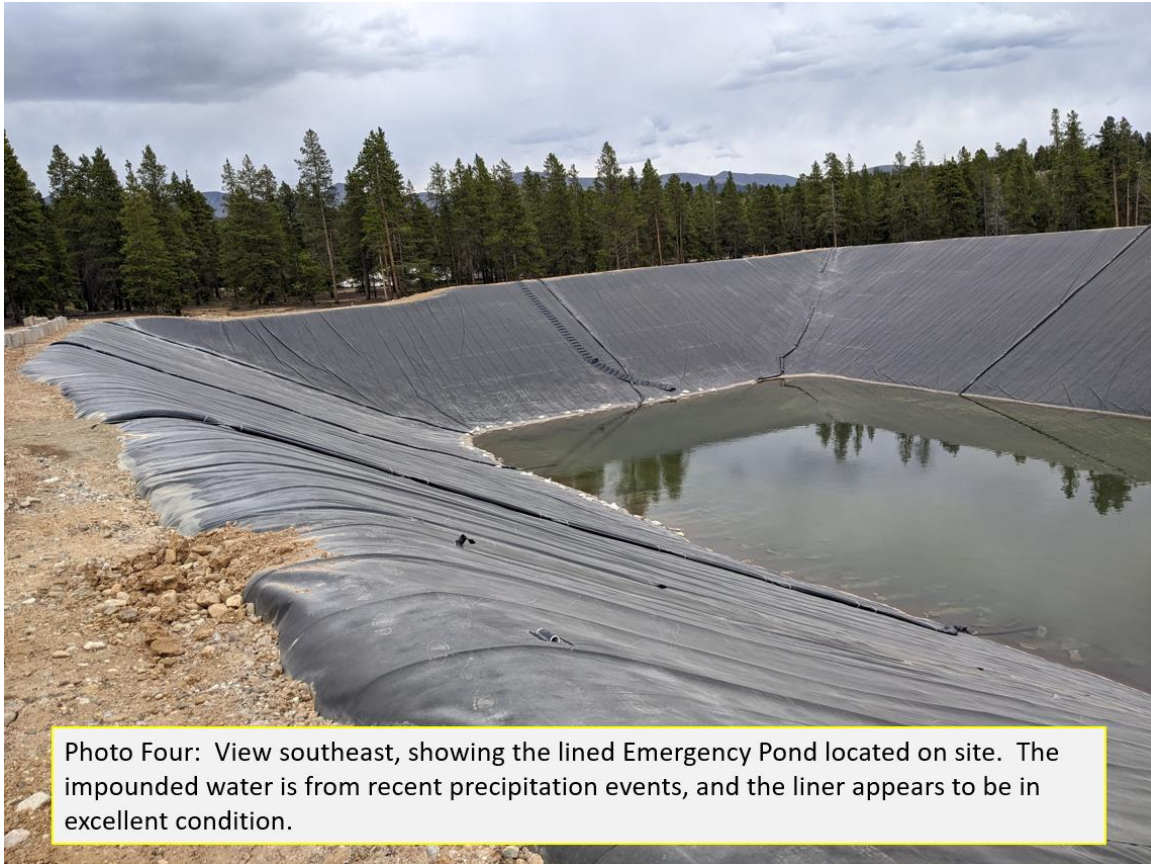


Photo Four: View southeast, showing the lined Emergency Pond located on site. The impounded water is from recent precipitation events, and the liner appears to be in excellent condition.



Photo Five: View south, showing another view of the lined pond. Also visible are some of the weight ballasts installed periodically around the pond.

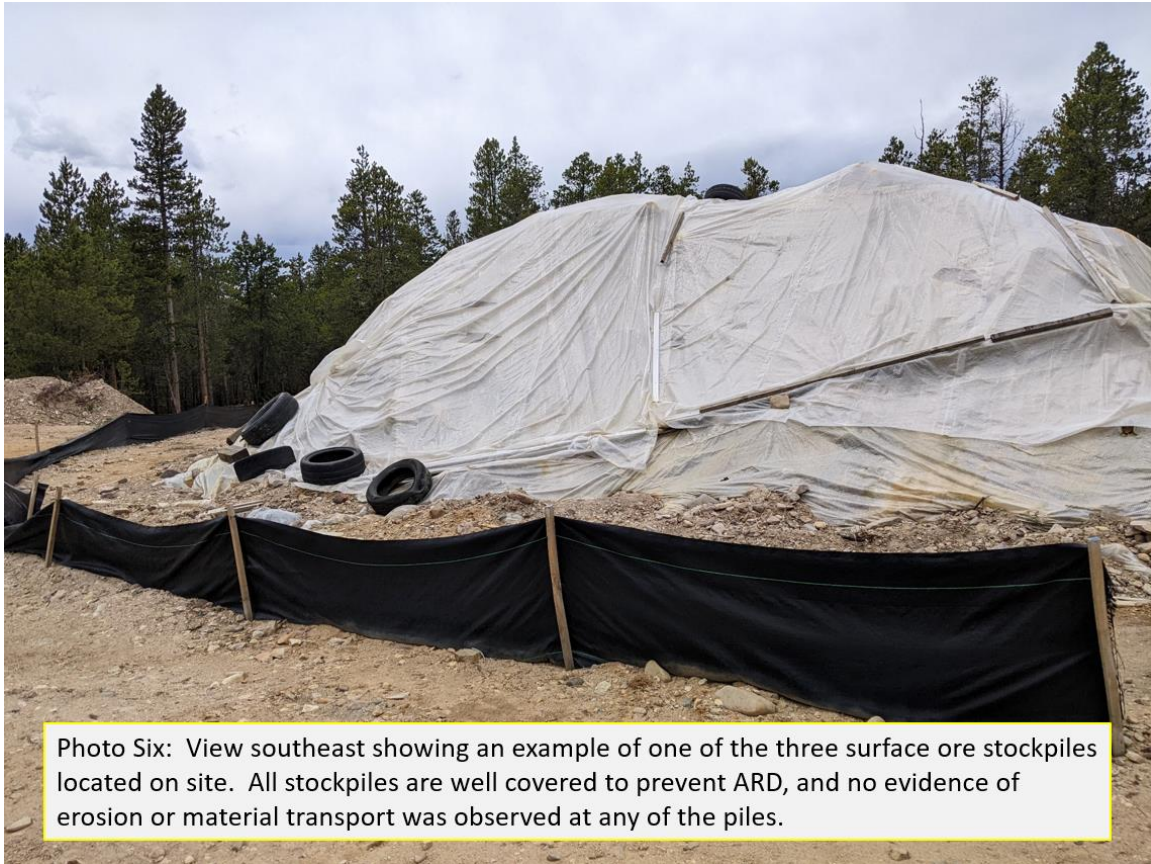


Photo Six: View southeast showing an example of one of the three surface ore stockpiles located on site. All stockpiles are well covered to prevent ARD, and no evidence of erosion or material transport was observed at any of the piles.